

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6845

BILL NUMBER: HB 1380

NOTE PREPARED: Jan 9, 2006

BILL AMENDED:

SUBJECT: Various economic development matters.

FIRST AUTHOR: Rep. Smith J

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: Pending

Summary of Legislation: Establishes a process by which the small business coordinator of each state agency may submit comments about the impact of a proposed bill to the office of management and budget (OMB). Requires, after review by the OMB, the comments to be posted to the general assembly's web site by the legislative services agency. Authorizes the board for depositories to invest money in the public deposit insurance fund (PDIF) that exceeds the PDIF's cash working balance in guarantees of loans made from regional and local venture capital funds. Authorizes counties, cities, and towns that receive county economic development income taxes to: (1) establish local venture capital funds; and (2) establish regional venture capital funds by pooling taxes payable to the participating units. Provides that a regional venture capital fund shall be administered by a governing board. Authorizes the governing board to make grants or loans from the fund to public or private entities for economic development purposes. Provides that the Indiana economic development corporation (IEDC) may grant an economic development for a growing economy (EDGE) tax credit for the creation or retention of jobs if an applicant meets at least one of certain specified conditions. (Current law requires an applicant to meet all of the conditions.) Revises provisions concerning average wages with respect to: (1) eligibility for an EDGE credit to retain existing jobs; and (2) the amount of an EDGE credit to create jobs. Deletes the requirement that an applicant for an EDGE credit for the retention of jobs employ at least 75 persons. Increases the \$5,000,000 per year cap on the amount of EDGE credits that may be granted to retain existing jobs during each state fiscal year to \$10,000,000 per year for state fiscal years 2006 and 2007. Provides that the IEDC may award an adjusted gross income tax credit to a business that: (1) has been actively engaged in business in Indiana for at least two years; (2) has adjusted gross income (AGI) growth of 20% for two consecutive years; (3) has AGI between \$1,000,000 and \$10,000,000 in the first year in which the business has 20% growth; and (4) employs or contracts with at least five individuals. Allows a county, city, or town to use county economic development income tax revenue to provide a grant to a business that meets

the eligibility criteria for the credit.

Effective Date: April 1, 2006; July 1, 2006.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Jim Landers, 317-232-9869